

Economic Development: Principles for High-Performance Strategies

Traditional economic development strategies have focused on quick increases in new businesses and jobs. These strategies may help meet short-term needs, but they may be poorly suited to achieve the best long-term results.

- Is your community's economic development strategy focused on productivity increases rather than on creating jobs?
- Are development efforts focused on high-value industries?
- Does your community use information about the successes and failures of its development activities to improve future efforts?

If not, your community could benefit by applying these principles for a high-performance economic development strategy.

Traditionally, economic development strategies have focused on attracting new businesses to create additional jobs. But job creation alone does not always translate into other important development goals, such as maximizing local wealth, moderating vulnerability to cyclical trends, and limiting the risk of business closures. These other objectives may be best served by strategies that promote industrial diversification and enhance productivity.

In fact, development strategies may embody inherent contradictions. A short-term strategy that concentrates on low-wage jobs within a limited industrial sector may only create jobs at the expense of these other long-term goals. On the other hand, concentrating on long-term productivity enhancements may be possible only after suffering short-term job losses. Still, it is through long-term development strategies that areas and workers are best served.

Economies that are heavily oriented toward short-term strategies may benefit significantly from a change in their development programs. Economist Lee W. Munnich has identified 10 principles that can help produce a high-performance economy.

Goals

Munnich suggests that an area seeking to achieve a high-performance economy should re-examine its goals.

1. Competitiveness

A community should take stock of its comparative advantages--its strengths and assets compared to other areas--and how they are changing. Where assets are underutilized, the community should invest in enhancements that improve the productivity of the local economy. In addition, the community should establish programs to market its assets to the outside world.

2. Equity

Every community experiences disparities in productivity and wealth among areas or population groups. The overall effectiveness of any economy is greatly affected by how well it addresses these disparities. Investing in a way that reduces economic disadvantage is an important strategy for local development.

Scope

The scope of economic strategies--the range of issues they address--is an important factor in their success.

3. Global Economy

As the economy becomes increasingly global, building the capacity to sell to world markets becomes more imperative. High-performing communities assess their advantages and disadvantages in world markets, address barriers to global marketing, and promote international business opportunities among their industries.

4. Comprehensive Strategy

High-performing communities understand the interrelationships between economic development strategies and other strategies--such as education, environmental enhancement, housing, and recreation--that improve the overall community climate. To assure maximum impact of their investments, they correlate business investments with improvements in other areas of the community.

Organization

The way economic development programs are organized determines their effectiveness.

5. Regional Collaboration

Economic development cannot truly be local. A community's economy is greatly influenced by the larger region of which it is a part. Communities that participate in broader, regional strategies will be more effective than those that try to go it alone. Especially in rural areas, where resources are often stretched to the limit, the effectiveness of development efforts can be maximized when they are taken in collaboration with partners within the same region.

6. Industrial Focus

Effective economic development strategies are built on a sound awareness of the strengths and weaknesses of local industries. In high-performance economies, development officials exhibit keen awareness of the key sectors or clusters in the economy, and their performance is tracked closely and issues affecting their future are identified and addressed. Development strategies emphasize actions to understand and support industrial clusters and their linkages with other local and regional industries.

Process

How the development process is organized and how strategies are implemented is also important.

7. Customer Orientation

In high-performance economies, there is keen awareness of the customers of economic development strategies--the businesses, communities, and citizens that are affected by development policies. Attention is given to meeting customers' needs. And, customer input is not only sought out but is used carefully in crafting development strategies

and programs.

8. Partnerships

The strongest development programs rest upon solid partnerships among local organizations. Partnerships can range from the simple exchange of information to alliances that combine resources to achieve results beyond the means of any single organization. Strong alliances do not just happen, however; they require farsighted leadership to form and special cultivation to maintain.

9. Measurement and Evaluation

High-performing organizations measure their outputs and evaluate the reasons for success or failure. This means that they collect information about their own performance. Then they regularly evaluate their performance against the goals they established and hold themselves accountable for the outcomes.

10. Learning

No effort is without the potential for improvement, and high-performance development programs seek out a wide range of ideas on how to improve their strategies and delivery methods. They eagerly compare themselves with other development programs in other regions. And, they maintain a posture of flexibility that makes it easier to put new ideas into operation.

Resources

Lee W. Munnich, Jr., "Emerging Principles in Local and State Economic Development: A Benchmarking Tool," in Norman Walzer, ed., *Community Strategic Visioning Programs* (Westport, Connecticut: Praeger, 1996)

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